

Today we will talk about:

- What's happening around Wisconsin
- The next funding fights in Congress
  - 2026 budget, earmarks, CR,
  - Pocket Rescissions and Deferral requests
  - Sequestration
- Decisions the President's administration is making that impact funding, programs and implementation of state programs.
- More coverage of the impacts of the July 4<sup>th</sup> Reconciliation bill you can share

# Federal Funding Fallout 2025

Weekly Update

Sept 5, 2025

# Around Wisconsin

Wisconsin  
has a lot to  
say.

# Wisconsin sues HHS (again) over handling of Medicaid data

- Friday Aug. 29<sup>th</sup> Wisconsin joined a multistate lawsuit to block the DHHS from using Medicaid member data or sharing it with other federal agencies for reasons unrelated to healthcare, like immigration enforcement.
- August 19<sup>th</sup> CMS announced it will provide states with monthly enrollment reports identifying people whose citizenship and immigration status could not be verified in federal databases.
- CMS said “States are responsible for reviewing cases, verifying the citizenship or immigration status of identified individuals, requesting additional documentation if needed, and taking appropriate actions when necessary, including adjusting coverage or enforcing non-citizen eligibility rules.”
- CMS said they would be monitoring states progress on the monthly lists.
- Non-citizens in Wisconsin can access Medicaid solely for emergency care and limited maternity-related care.
- Wisconsin has not used state dollars to expand Medicaid-like coverage to those who are not citizens as some other states have done.

last changed 09/04/2025



Josh Kaul  
Wisconsin Attorney General

P.O. Box 7857  
Madison, WI 53707-7857

## NEWS FOR IMMEDIATE RELEASE

August 29, 2025

### **AG Kaul Sues to Stop Federal Government from Sharing Wisconsin Medicaid Data**

MADISON, Wis. – Attorney General Josh Kaul announced that Wisconsin has joined a multistate lawsuit to block the U.S. Department of Health and Human Services (HHS) and the Department of Homeland Security (DHS) from using or sharing personally identifiable, protected state Medicaid data for purposes unrelated to health care.

“Information that the federal government has about people’s health should be safeguarded,” said AG Kaul. “It shouldn’t be used at the federal government’s discretion.”

In the amended lawsuit, filed Thursday, the coalition asks that the court to prevent federal agencies from further transferring individuals’ protected health care information and to block the federal government from using this data for the purposes of immigration enforcement, population surveillance, or other invasive purposes.

In Wisconsin, Medicaid covers approximately 1.26 million people. Nearly half of those are children, and over a quarter of a million are seniors and people with disabilities. More than one out of every three births in Wisconsin are funded by Medicaid.

Wisconsin is required to share certain information with the federal government in order to receive Medicaid funding, and those submissions have always been made with the understanding that the data would be used only for administering Medicaid.

<https://www.wisdoj.gov/PressReleases/8-29-2025-Medicaid-Data-Multistate.pdf>



# Local food pantries know what SNAP cuts will mean to communities

- Executive Director of The Neighbor's Place, Donna Ambrose says that people used to be able to rely on both their pantry and SNAP benefits.
- "You might not be on SNAP benefits, Medicaid, or Medicare, but someone you know is," said Stephanie Daniels, Chair of Marathon County Hunger Coalition. "It is making people understand that this is not a one-person problem, it is an overall problem..."
- The Marathon County Board approved a piece of legislation on Tuesday, August 26, to request state funds toward federal cuts to food assistance programs.



[https://www.waow.com/news/u-s-senator-tammy-baldwin-tours-wausau-to-highlight-struggles-of-food-assistance-cuts/article\\_7931a8c6-d878-43a8-9017-4d6353ac1ac3.html](https://www.waow.com/news/u-s-senator-tammy-baldwin-tours-wausau-to-highlight-struggles-of-food-assistance-cuts/article_7931a8c6-d878-43a8-9017-4d6353ac1ac3.html)

# WI Counties Assn asks counties to pass resolutions on SNAP changes

WCA is asking counties across the state to adopt resolutions to support more state dollars for income maintenance workers who will be needed because of federal SNAP changes and funding cuts

- SNAP cuts in the reconciliation bill increase benefit and administrative costs to states and counties (reducing resources available for local administration),
- tighten work requirements (increasing county workload), and
- Penalize minor payment errors (resulting in more cost to the states).
- You can ask your County Board to pass a resolution.

RESOLUTION NO. \_\_\_\_\_

TO THE HONORABLE BOARD OF SUPERVISORS OF \_\_\_\_\_ COUNTY,  
WISCONSIN MEMBERS,

WHEREAS, the federal budget reconciliation package enacted in July of 2025, makes changes to the SNAP (FoodShare) program that would reduce federal costs and significantly impact county-administered services; and

WHEREAS, these changes extend SNAP work requirements to individuals up to age 64, lower the child age threshold for parent exemptions, and eliminate waivers for areas with high unemployment, thereby increasing referrals to the FoodShare Employment and Training (FSET) program and workload for county human service departments; and

WHEREAS, the legislation requires states to contribute a minimum of 5% toward the cost of SNAP benefits if their error rate is 6% or higher, facing penalty funding of between 5% and 15% of total SNAP costs; and;

WHEREAS, Wisconsin's current SNAP payment error rate is 4.47%, but without additional investment in eligibility and administrative systems, heightened workloads could push the state above the 6% threshold, triggering significant penalties; and

WHEREAS, if Wisconsin's error rate reaches 6% on or after October 1, 2027, the state's 5% cost share would be approximately \$69 million annually, with potential penalty payments increasing the state's financial burden—costs that could ultimately cascade down to counties; and

WHEREAS, the SNAP administrative match rate for Income Maintenance (IM) activities has been reduced from the previous 50% federal / 50% state-local to 25% federal / 75% state-local, substantially reducing federal revenue available to counties to administer SNAP; and

WHEREAS, the reduction in administrative funds could lead to a reduction in IM staff, which could result in an increased payment error rate; and

WHEREAS, county IM administrative costs are approximately \$123 million annually, with SNAP-related workload accounting for about \$49 million of those costs; and

WHEREAS the new administrative match rate results in an estimated \$17 million annual loss in SNAP administrative funding to counties; and

WHEREAS, these federal cuts result from shifting the benefit and administrative costs to states and counties (reducing resources available for local administration), tightening work requirements (increasing county workload), and penalizing minor payment errors (resulting in more cost to the states); and

<https://files.constantcontact.com/77ea05ac001/6aa05a13-3e83-4c26-bfd4-12888ddb7661.pdf>



# County Income Maintenance Workers are critical to help people who use SNAP and Medicaid

---

## Key Takeaway

- County IM workers are not just data entry clerks — they are policy experts, social workers, investigators, and IT troubleshooters rolled into one.
- Without adequate funding:
  - Cases are delayed
  - Errors increase; higher error rate will lead to federal sanctions
  - Less capacity to prevent fraud leading to higher benefit costs
  - Workers burn out and turnover rates rise

# Challenge candidates and elected officials

You've been asking good questions about how the Reconciliation bill will impact people with disabilities, older adults, and family caregivers.

Don't accept non-answers.

Time to go on the offensive.

# Challenge candidates and elected officials. Everyone has a role (and responsibility)

## 01

Federal candidates

What they are going to do if they get elected to Congress to address your concerns and the real problems that are going to impact you and your family.

## 02

Current Federal lawmakers,

Ask them what are they going to change to undo harm and make a better, easier system for the people who USE it.

## 03

State lawmakers

Ask them how they are planning to address the state budget shortfalls that are coming, how they will advocate with federal lawmakers to change federal law so states aren't hurt, and how they will use their bully pulpit to explain how people and communities are being harmed by these changes.



# We do not have the luxury of inaction



If any candidate or elected official says there is nothing they can do (or refers you to a lower tier elected official:



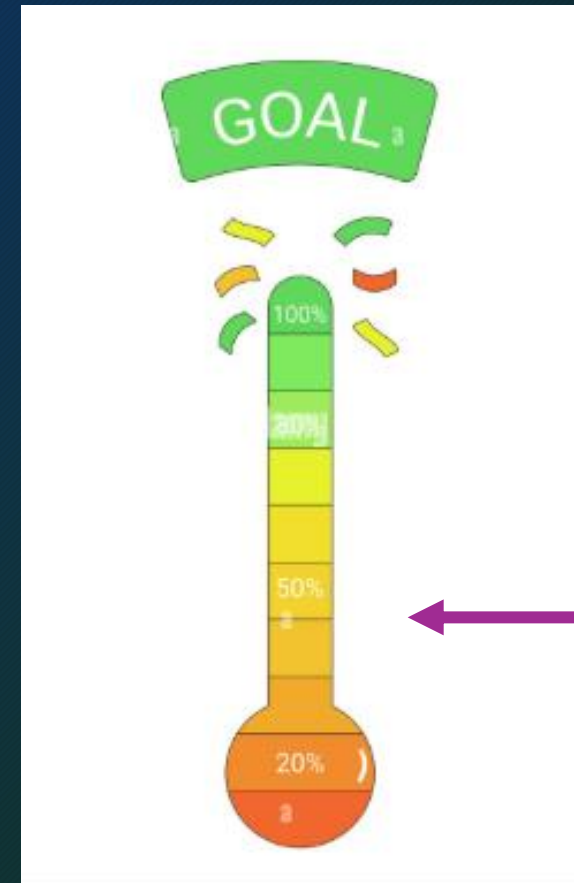
Ask why they are running.



Ask why you should vote for them if they can't do anything in office.

# Survival Coalition Survey: Help us show what's happening in Wisconsin

- **SURVEY DEADLINE FRIDAY SEPT 19th**
- **Please share this survey widely with your networks!**
- <https://www.surveymonkey.com/r/SBLJQYN>
- Final push. Take the survey, tell your friends and disability/aging connections to take the survey, send it out to clients who are aging or who have disabilities.



Let's get to 1000 responses!

We are 40% of the way to our goal!

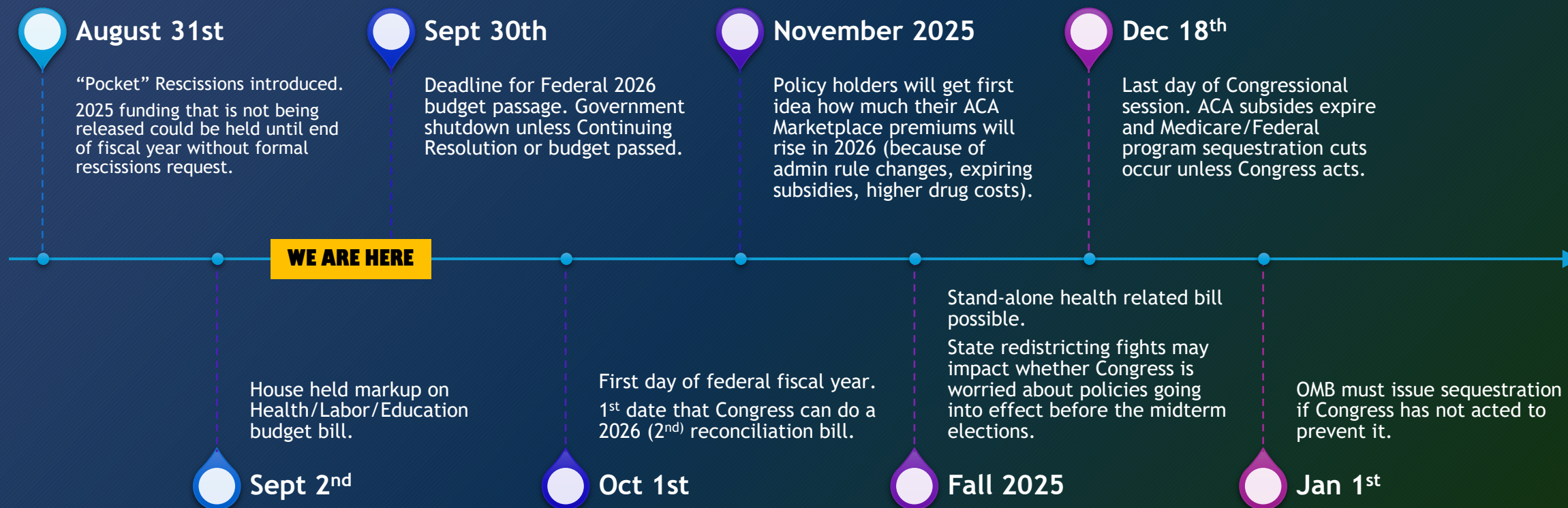
# Congress

2026 Budget  
bill, Pocket  
Rescissions

last changed 09/04/2025



# Fall sets up a series of crisis points for Congress



# Congress can leverage more cuts or fix mistakes in the next four months

## 2026 Federal budget

- Earmarks (funding for specific projects at expense of other funding in exchange for votes).
- Spending cuts to existing programs
- Gov't shutdown Oct 1<sup>st</sup> if no agreement
- Partial approval of parts of budget with a CR (sets up a winter funding fight)

Recissions, deferral requests, or expiration of 2025 funds by Sept 30th

Oct and beyond: 2<sup>nd</sup> Reconciliation bill (vehicle for more cuts)

December: Expiration of ACA subsidies, leverage for more Medicaid cuts

December: Deadline to avoid sequestration cuts required by HR 1

Ongoing:  
Administration  
Withholding federal funds appropriated by Congress

Ongoing:  
Administration making states agree to conditions to get federal funding.

## Question for Congress:

Cuts to SNAP, Medicaid, and the ACA Marketplace are starting to hurt people back home and the pain will increase in the coming months.

What will you do to change the law so harm from these cuts can be prevented?



## Question for Congress:

Can you commit to not make more cuts to Medicaid and other programs people with disabilities and older adults rely on?

Can you commit to stop sequestration from making more cuts?

# Will Congress pass a budget in time? State of Play.

Senate and House leaders are saying they want to pass a short-term Continuing Resolution (CR) so they have more time to pass a budget.

A CR keeps the government open and moves the deadline when federal funding stops flowing.

That new date becomes the deadline by which Congress must pass a budget, pass another CR, or shut down parts of the federal government.

House leaders are talking about passing a CR that would keep the federal government running through November or December.

Some fiscal conservatives in the House and Senate want a full-year CR that includes more spending cuts and policy changes they want.

# Will Congress pass a budget in time? State of Play.

Some members have another idea.

They want to pass 3 appropriation bills (out of 12) that members agree with and pass a CR to continuing funding the rest of the government while they make decisions about those programs' budgets.

That would mean some government programs would get funded a full year, while others would continue while waiting to see if Congress increases or cuts their 2026 funding.

Democrats worry about making any agreements about funding.

They worry about the administration making more rescissions requests or using other tactics to stop federal funding from getting to where Congress said it should go.



## Question for Congress:

Can you commit to funding disability and aging programs in the 2026 federal budget at the same or higher levels and make sure funding gets to existing disability programs?

# Federal Budget process refresher

Congress must pass 12 appropriations bills that cover different federal agencies as part of the federal budget process.

The U.S. Senate and House both have their versions of these bills.

The same language must pass both the House and Senate to become law.

The Labor-HHS-Education appropriations bill is the biggest part non-defense discretionary funding in the federal budget.

The Labor/HHS/Education bill has many important programs to people with disabilities

- Funding for Medicaid, Medicare, ACA, all disability and aging programs, special education, DVR is in this bill.

Other important appropriations bills include Agriculture (SNAP) and Transportation and Housing (HUD vouchers)

# U.S. Senate subcommittee passed its version of the Labor/HHS/Education appropriation bill

A U.S. Senate Committee funded all the disability, aging, and education programs the same or more as the current year, and as the Depts were organized in 2024.

It does not recognize or make changes based on the staffing reductions or proposed reorganizations that Departments have made without Congressional approval.

The committee report is specific about funding amounts for individual programs, and includes “guardrails” that require reports and other information

The Committee Report does not have the full force of law, but is a clear communication of Congressional intent.

The full U.S. Senate has not passed the committee’s recommendations yet.



U.S. House  
committee holds  
markup hearing on  
House  
Labor/DHHS/Ed  
budget

Sept. 2<sup>nd</sup> the House Appropriations subcommittee held a markup session on its version of the Labor/HHS/Education bill.

As expected, it is very different from the U.S. Senate version.

This bill has not passed the full committee or full House.

The ideas in the Senate and House are far apart. They will need to agree on the same wording to pass a bill.

# What's in the House bill?

## Centers for Medicaid Services

- \$941M in total funding for waste, fraud, abuse work
- \$311 of this amount is to meet the intent of the concurrent budget resolution
- \$630 M is additional budget authority for fraud, waste, abuse work
- \$108 M is for the DHHS Office of Inspector General that investigates fraud/waste/abuse
- \$133 M is for DOJ fraud/abuse activities

# What's in the House bill?

## Administration for Community Living

- Like the Senate bill, ACL is funded separately, and the bill does not recognize staffing reductions/elimination of ACL that DHHS made last spring without Congressional approval.
- The bill does not list individual funding amounts for specific programs (like Ombudsman, P&As, DD Councils) within ACL.
- It is unclear whether that means all disability and aging programs are funded or funded at the same level.
- The President's 2026 budget proposed lumping funding for many disability and aging programs into one block grant and then having each state decide how much each program got.
- Advocates want each program to keep dedicated funding so that all organizations responsible for parts of federal laws are funded.

# What's in the House bill?

## Federal ACA employees

- Includes data collection requirements on spending associated with ACA, this could mean the cost of running federal health exchange (Wisconsin ACA Marketplace enrollees use the federal exchange).
- Requirement to provide House appropriations committee monthly ACA enrollment figures



# What's in the House bill?

## Prohibiting funding to implement/enforce many specific final administrative rules

- Nondiscrimination in health care
- Nursing home staffing requirements,
- Medicaid institutional payment transparency reporting,
- Enforcement of short-term limited duration insurance rule.

# What's in the House bill?

## Department of Education

- Does not eliminate Department of Education or move parts of the Department into different agencies as administration has proposed
- \$4.7 B cut to Title 1 funding
- \$15.5 B for special education (small increase in funding)
- \$91 million for the Office for Civil Rights, a decrease of \$49 million below the 2025 level.
- \$45 B for Vocational Rehabilitation (small increase in funding)
- Funding levels consistent with President's 2026 Budget proposal

# “Pocket Recissions” sent to Congress

- Friday Aug. 29<sup>th</sup>, Trump send a second \$4.9 billion rescissions bill to Congress.
- This “pocket rescission” is an untested strategy to claw back money that has already been appropriated by waiting so late in the fiscal year to make the request that lawmakers do not have time to reject it before the funding expires.
- This move is likely illegal, as it does not match the narrow reasons that Congress allows rescissions under the Impoundment Control Act.
- Republicans expect OMB Director Vought to sent more requests to revoke unspent funding between now and Sept. 30<sup>th</sup>.



<https://www.politico.com/news/2025/08/29/trump-asks-congress-to-claw-back-5b-in-foreign-aid-amid-threat-of-pocket-cancellation-00535396>

<https://www.nytimes.com/2025/08/29/us/politics/trump-foreign-aid.html>



# OMB changes its guidance on impoundment to federal agencies

# The OMB guidance

- removed the definition of impoundment
- said GAO's impoundment determinations don't matter
- claimed pocket rescission authority
- claimed profound deferral authority
- OMB sent a letter to GAO saying they would limit cooperation with GAO oversight into impoundments



## LEGAL COUNSEL

May 30, 2025

Emmanuel Perez  
General Counsel  
Government Accountability Office  
400 ... Street, N.W.  
Washington, D.C. 20548

Dear Ms. Emmanuelli Perez,

I write in response to the Government Accountability Office's (GAO) approximately ongoing engagements with the Office of Management and Budget (OMB), as well as its requests for information regarding OMB's compliance with the Impoundment Control Act of 1974.<sup>1</sup>

OMB is in full compliance with the ICA, as none of its actions constituted a withdrawal of funds from the Treasury, and therefore are not subject to the ICA's special message requirements. All of OMB's actions have been consistent with the President's authorities under the Constitution and laws.

### **OMB's Interactions with GAO Going Forward**

OMB's mission is to assist the President in meeting his policy, budget, management, and regulatory objectives across the Executive Branch and to fulfill the agency's statutory responsibilities. OMB achieves this broad mission with just under 500 full-time employees. In contrast, GAO has almost *seven times* as many employees. As of today, GAO has approximately 50 open engagements with OMB.

Over the years, OMB has struggled to keep up with the tens of dozens of annual GAO engagements, diverting scarce resources to meetings with GAO every month. Often, OMB agencies are in the middle of implementing programs when GAO attempts to evaluate the

1 Letters to Mark Paoletta, General Counsel, OMB from Edda Emmanuelli Perez, General Counsel, GAO: B-337040, *Application of the Impoundment Control Act to the Executive Order Reevaluating and Realigning U.S. Foreign Aid* (February 10, 2025); B-337070, *Application of the Impoundment Control Act to the Executive Order on Unleashing American Energy* (February 13, 2025); B-337065, *Application of the Impoundment Control Act to the Executive Order on Streamlining the Federal Government* (February 14, 2025); B-337136, *Application of the Impoundment Control Act to the President's Executive Order on Assistance to South Africa* (February 14, 2025). <https://admin.govexec.com/media/general/2025/5/053025omb.pdf>



## Question for Congress:

How will you track and ensure federal funding you approve is getting to states and organizations in a timely manner?

What will you do if money you approved is withheld or impounded by the administration?

# Supreme Court unlikely to rule on Trump's refusal to spend money as Congress intended

- The Supreme Court may not rule on the legality of the Trump administration's refusal to spend federal cash until next year — if at all.
- Trump began freezing federal cash the day he was sworn into a second term as president.
- Seven months later, the courts are full of legal challenges to the administration's abrupt, massive and often indiscriminate cuts to spending, contracts and personnel.
- None of these lawsuits, have yet risen to the Supreme Court in a way that could settle whether the administration's actions violate the law.



<https://www.politico.com/news/2025/09/02/impoundment-scotus-trump-congress-rescissions-00538076>

# Will Congress extend the ACA Marketplace subsidies?

The biggest health policy decision will play out by the end of the year. Whether (or not) Congress will let the ACA enhanced tax credits expire or extend them in some form.

As of now, there is some talk of extending the subsidies. Both Democrats and Republicans have conflicting priorities about how to proceed, or whether to proceed at all.

Some want to extend the ACA subsidies.

But a growing number of House and Senate conservatives are saying any extension will have to be offset by more Medicaid cuts.

## Question for Congress:

Changes in the Reconciliation bill and choosing not to extend the ACA Marketplace subsidies are going to mean higher health care costs for everyone.

What will you do to make sure health care users don't get stuck with bills they can't avoid, control, or afford to pay?



# Sept 4<sup>th</sup> Congress calls RFK Jr. to a hearing

- Sept 4<sup>th</sup> The U.S. Senate Finance committee is holding a public hearing on the President's 2026 Health Care Agenda with U.S. DHHS Secretary Kennedy testifying.
- Watch live or view the recording at <https://www.finance.senate.gov/hearings/the-presidents-2026-health-care-agenda>
- Stay tuned for coverage of the hearing.

# Administration

Administrative  
rules, Federal  
Agency Actions

# Trump supportive of mass institutionalization as policy strategy to improve safety

- President Donald Trump said he would be open to bringing back "insane asylums" to imprison people with "serious mental illness".
- Monday Sept 1<sup>st</sup>, the president said that forcing more people into long-term psychiatric institutions would help make America's streets safer, although he admitted it would be "massively expensive".
- Previous actions (Executive Order on crime that targeted homeless) and comments are consistent with support for institutions as public policy.
- Trump was not clear what he meant by "insane asylums". The term usually means an older kind of psychiatric institution in which people others decided were mentally ill could be involuntarily kept there for months or years, often in bad conditions.



<https://www.yahoo.com/news/articles/trump-says-d-consider-reopening-213905183.html>



# Changes at the Centers for Disease Control could impact availability, coverage of vaccines

- Over the last few months, there have been mass layoffs, budget cuts, changes to vaccine policy, and mass resignations of scientific leaders at the CDC.
- Some of these changes may impact whether someone who needs a vaccine can get one, and how much the vaccine costs.
- Many immunocompromised people who have medical reason why they cannot be vaccinated rely on everyone else being vaccinated to prevent them from getting sick.



<https://abcnews.go.com/Health/mass-layoffs-resignations-major-vaccine-policy-timeline-turmoil/story?id=125056783>



# Medicare pilot to put AI in charge of prior authorization

- CMS will begin a pilot program for traditional Medicare in 6 states to use “prior authorization,” a tactic private insurers use that many see to delay and deny medical care.
- The federal government plans to hire private companies to use artificial intelligence to decide whether patients can get certain procedures.
- The A.I. companies would have a strong financial incentive to deny claims. Medicare plans to pay them a share of the savings generated from rejections.
- Similar algorithms used by insurers have resulted in lawsuits. People claim AI was used by companies to deny large numbers claims at once and cut patients off from care in rehabilitation facilities.



<https://www.nytimes.com/2025/08/28/health/medicare-prior-approval-health-care.html>

# Social Security chatbot is not the answer to the questions people have

- SSA is now using an AI chatbot that responds with canned answers to common questions.
- SSA said in July that nearly 41% of calls are handled by the bot.
- The chatbot is frustrating for customers, especially those with unusual or obscure questions that in the past would have been handled by experienced SSA staff.
- Lawmakers and former agency employees worry it foreshadows a less human Social Security, in which rushed-out AI takes the place of pushed-out, experienced employees.



<https://kffhealthnews.org/MjA3OTQ1NA>



# Social Security chatbot is not the answer to the questions people have

- 74 million people receive Social Security benefits; 11 million of those receive disability payments.
- In a survey conducted last fall, more than a third of recipients said they wouldn't be able to afford such necessities as food, clothing, or housing without it.
- If you are having trouble with SSA's customer service **call your U.S. Representatives** to explain the problem and have them open a constituent case.



<https://kffhealthnews.org/MjA3OTQ1NA>

# Trump adds more ideas on how to control who can vote

- Aug. 31<sup>st</sup> President Trump said he would issue an executive order to require voter identification for all U.S. elections
- He said again he intends to restrict mail-in voting except for those who are very ill or serving far away in the military, and his opposition to voting machines.
- Executive Orders do not change election laws or how states run their own elections.



<https://www.nytimes.com/2025/08/31/us/politics/trump-voter-id-executive-order.html>



# Continued coverage of impact of Reconciliation bill

Lots of  
articles to  
share.

# First waves of states start to make cuts because of Reconciliation bill

- Last week we covered how HR1 created a \$800 M hole in Colorado's state budget.
- This is the first of several rounds of state budget holes Colorado expects because of the bill.
- The way Colorado dealt with the first round of budget shortfalls was to **cut Medicaid reimbursement rates**, take \$100 M from affordable housing, raise taxes, and use \$300 M of the states reserve fund.



<https://www.postindependent.com/news/colorado-governor-cuts-medicaid-affordable-housing-funds-state-budget>